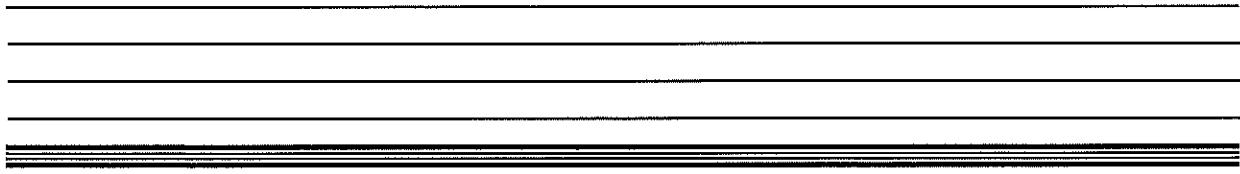


Oversight Division

Committee On Legislative Research

SUNSET REVIEW

**WARTIME VETERAN'S SURVIVORS
GRANT PROGRAM**



Sunset Review

WARTIME VETERAN'S SURVIVORS GRANT PROGRAM

*Prepared for the Committee on Legislative Research
by the Oversight Division*

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Committee on Legislative Research Oversight Subcommittee

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is an agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$24.0 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

Sunset reviews are assigned to the Oversight Division pursuant to Sections 23.250 to 23.298. After August 28, 2003, any new program authorized by the General Assembly shall sunset not more than six years after its effective date unless reauthorized by the General Assembly. The Oversight Division shall conduct a performance evaluation of the program as set forth in statute and prepare a written report. The report shall make recommendations on the sunset, continuation, or reorganization of a program.

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Members of the General Assembly:

The Joint Committee on Legislative Research is required by Section 23.259.1(3), RSMo to conduct performance evaluations of sunsetting programs to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties as set forth by statute or regulation. The Oversight Division has reviewed the following programs:

- Alternative Fuel Infrastructure Tax Credit
- Breast Cancer Awareness Trust Fund
- Rebuild Missouri Schools Program
- Wartime Veteran's Survivors Grant Program
- Big Government Get Off My Back Act Income Tax Deduction

The reports include Oversight's comments on (1) the sunset, continuation, or reorganization of the programs, and on the need for the performance of the functions of the programs; (2) the duplication of program functions; (3) the appropriation levels for each program for which sunset or reorganization is recommended; and possibly (4) drafts of legislation necessary to carry out the committee's recommendations pursuant to (1) and (2) above.

We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates. You may obtain a copy of the reports from the Oversight Division website at <http://www.moga.mo.gov/htmlpages/losunsetreview.html>.

Respectfully,

A handwritten signature in black ink, appearing to read "Brad Lager".
Senator Brad Lager
Chairman

EXECUTIVE SUMMARY

The Missouri Wartime Veteran's Survivors Grant Program was established to provide grants to children and spouses of veterans whose death or injury was a result of combat action or attributed to an illness that was contracted while serving in combat action, or who became 80% disabled as a result of illnesses, injuries or accidents sustained in combat action since September 11, 2001. The program is administered by the Department of Higher Education (DHE).

The following eligibility requirements must be met by the student in order to qualify for the grant:

- Be a United States citizen, permanent resident, or otherwise lawfully present in the United States;
- Be enrolled or accepted for enrollment for at least half-time in a participating Missouri public college or university;
- Be the veteran's spouse at the time of death or injury, or the veteran's child;
- If the veteran's child, he/she must be less than 25 years of age and dependent upon the veteran at the time of death or injury; and
- Has not received a baccalaureate degree or completed 150 semester credit hours.

Students can apply for a renewal of the grant if they continue to meet the eligibility requirements.

Since the program's inception through FY 2013, \$118,341 has been awarded to 8 students.

Oversight reviewed the DHE files for each year since the program's inception. All files appeared to be in order and included a checklist used by the DHE to aid in administering the program. However, Oversight found two agency errors that led to overpayments of state funds to two grant recipients:

1. First, a student was reimbursed for book expenses totaling \$874 for a semester; however, the maximum allowed per statute is \$500.
2. Second, a student was awarded a grant even though they were attending a private school. The statutes specify that the recipient must attend any approved Missouri public institution of postsecondary education. This student received \$10,596 for the 2012-2013 school year. The error was discovered during the spring semester and the DHE disqualified the student from receiving future grants if attending that institution.

The DHE did not attempt to recoup the overpayment or the payment made to Missouri Baptist University. Oversight also looked at the files of applicants that were denied participation in the program. Since the program began, ten applicants have been denied for various reasons.

Oversight recommends the program be extended an additional six years to August, 2020.

Chapter 1

Purpose/Objectives

The General Assembly has provided by law that the Joint Committee on Legislative Research conduct a performance evaluation of a program subject to the Missouri Sunset Act. The committee shall consider the criteria as listed in Section 23.268, RSMo in determining whether a public need exists for the continuation of a program, or for the performance of the functions of the program. A sunset review is the regular assessment of the continuing need for a state program to exist. A sunset review answers the basic questions of what has happened to this program since its inception and does the State of Missouri continue to “need” the services provided by the program.

The Joint Committee on Legislative Research directed the Oversight Division to conduct a Sunset Review of the Department of Higher Education’s Wartime Veteran’s Survivors Grant Program, Section 173.234, RSMo. This report provides an update on the program as created by Senate Substitute for House Bill 1678 in the 2008 legislative session and fulfills the requirement as established by Section 23.268, RSMo.

Oversight’s review addressed, but was not limited to the following:

1. Compiling data related to the program since its inception;
2. Analysis of the Department of Higher Education’s administration of the program.

Scope

The Oversight Division researched the laws and activity regarding the Wartime Veteran’s Survivors Grant Program from Fiscal Year 2008 through Fiscal Year 2013. Analysis included a review of Department of Higher Education data related to the program.

Methodology

The Oversight Division obtained information on the program through correspondence, interviews, and a review of the applicant files as well as review of statutes related to the program.

Background

In the 2008 legislative session, the Legislature adopted Senate Substitute for House Bill 1678 which created the Missouri Wartime Veteran's Survivors Grant Program, which is administered by the Department of Higher Education (DHE). In the 2009 legislative session, Conference Committee Substitute for Senate Committee Substitute for House Committee Substitute for House Bill 427 revised the program to further define "eligible student", "qualifying military member", and "combat veteran."

This program is scheduled to sunset on August 28, 2014, and terminate September first of the calendar year immediately following (September 1, 2015).

The Program

Under the program, DHE provides grants to children and spouses of veterans whose death or injury was a result of combat action or attributed to an illness that was contracted while serving in combat action, or who became 80% disabled as a result of illnesses, injuries or accidents sustained in combat action since September 11, 2001. The total number of students that may receive a grant in any year is limited by statute to 25. The veteran must have been a Missouri resident either when first entering the military service or at the time of death or injury. The Missouri Veteran's Commission (MVC) determines whether the veteran meets these requirements and must sign-off on the initial application.

The following eligibility requirements must be met by the student in order to be eligible for the grant:

3. Be a United States citizen, permanent resident, or otherwise lawfully present in the United States;
4. Be enrolled or accepted for enrollment for at least half-time in a participating Missouri public college or university;
5. Be the veteran's spouse at the time of death or injury, or the veteran's child;
6. If the veteran's child, he/she must be less than 25 years of age and dependent upon the veteran at the time of death or injury; and
7. Has not received a baccalaureate degree or completed 150 semester credit hours.

Students can apply for a renewal of the grant if they continue to meet the eligibility requirements, maintain a minimum 2.5 cumulative grade point average, and otherwise maintain satisfactory academic progress as defined by the school.

The maximum grant amount each semester will be the sum of the following:

- The lesser of the actual tuition charged for the number of hours in which the student is enrolled OR the amount of tuition charged a Missouri resident enrolled in the same number of hours at the University of Missouri - Columbia;
- An allowance of up to \$2,000 per semester for room and board; and
- The lesser of the actual cost for required books OR \$500.

At the beginning of each semester, the DHE will verify the eligibility of the applicants by requesting information about the applicants from their schools. Once the eligibility of the student is verified, DHE will calculate the amount of the award and send payment to the school for credit to the recipient's account.

Awards are given based on the level of appropriation authority, up to the 25 student limit. The grants are awarded on a first-submitted, first-served basis, with renewal students and students with the earliest application-received-dates receiving priority. If students cannot be paid because of funding limitations or if the 25 student limit has been reached, they will be placed on a waiting list. If the waiting list of eligible applicants exceeds fifty, the DHE may petition the General Assembly to expand the quota.

Chapter 2

Comments

Since the creation of the program in 2008, the Department of Higher Education (DHE) has awarded more than \$118,000 in grants to eight approved applicants through the Wartime Veteran's Survivors Grant Program (program). The program was created by HB 1678 in 2008; however, it was first funded with an appropriation in FY 2011. Only one applicant received proceeds (\$3,132) for that school year; however, in FY 2013, eight students received state grants totaling almost \$75,000.

Table 1: Wartime Veteran's Survivors Grant award totals

| Fiscal Year | Number of Students Paid | Amount of Grants Paid | | | Average annual award |
|-------------|-------------------------|-----------------------|----------|------------|----------------------|
| | | Fall | Spring | Total | |
| 2009 | 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 2010 | 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 2011 | 1 | \$ 0 | \$ 3,132 | \$ 3,132 | \$ 3,132 |
| 2012 | 4 | \$ 19,572 | \$20,712 | \$ 40,284 | \$ 10,071 |
| 2013 | 8 | \$ 37,450 | \$37,475 | \$ 74,925 | \$ 9,366 |
| Total | 8 | \$ 57,022 | \$61,319 | \$ 118,341 | |

Source: Department of Higher Education

Students can receive proceeds through the program for tuition, room and board, as well as books. Tuition reimbursement is limited to the actual cost, but may not be more than what is charged at the University of Missouri - Columbia. Book expenses also are reimbursed at actual costs, but are limited to \$500 per semester. Room and board expense is reimbursed at a rate of \$2,000 per semester. Therefore, the maximum that a student could receive annually under the program, if enrolled for 30 credit hours over two semesters, is \$13,220.

- \$8,220 in tuition: 30 credit hours x \$274 per credit hour rate charged at the University of Missouri - Columbia for the 2013 - 2014 year;
- \$4,000 in room and board (\$2,000 per semester); and
- \$1,000 in books (maximum of \$500 per semester).

The table below breaks out the grants awarded by the three types of qualifying expenditures.

Table 2: Break-out of grants by type of reimbursement

| Fiscal Year | Tuition | Room and Board | Books | Total |
|-------------|-----------|----------------|----------|------------|
| 2009 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 2010 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 2011 | \$ 972 | \$ 2,000 | \$ 160 | \$ 3,132 |
| 2012 | \$ 20,989 | \$ 16,000 | \$ 3,295 | \$ 40,284 |
| 2013 | \$ 40,402 | \$ 30,000 | \$ 4,523 | \$ 74,925 |
| Total | \$ 62,363 | \$ 48,000 | \$ 7,978 | \$ 118,341 |

Source: Department of Higher Education

As stated earlier, eight students, to date, have received funding through this program. As long as the student is under the age of 25 (or a spouse of the veteran) and meets all of the other program criteria, he/she is allowed to continue applying for the grants. Table 3 below provides a break-out of how much each of the eight students have received through the program and for how many semesters.

Table 3: Grant totals by individual students

| Student | Total Awarded | Semesters received grant | Average per semester |
|---------|---------------|--------------------------|----------------------|
| 1 | \$ 26,179 | 4 | \$ 6,545 |
| 2 | \$ 25,387 | 4 | \$ 6,347 |
| 3 | \$ 20,099 | 5 | \$ 4,020 |
| 4 | \$ 14,408 | 4 | \$ 3,602 |
| 5 | \$ 10,750 | 2 | \$ 5,375 |
| 6 | \$ 10,596 | 2 | \$ 5,298 |
| 7 | \$ 8,494 | 2 | \$ 4,247 |
| 8 | \$ 2,428 | 1 | \$ 2,428 |
| Total | \$ 118,341 | | |

Source: Department of Higher Education

To be considered for the program, the student must first submit an application to the DHE. Part of the application requires the Missouri Veterans Commission to certify that the veteran meets the program's criteria (such as time period served in combat, whether the Department of Veterans Affairs certified that the veteran died or became disabled due to an injury attributable to an illness or accident that occurred while serving in combat, and whether the Department of Veterans Affairs certified that the veteran became 80% disabled as a result of injuries or accidents sustained in combat action after September 11, 2001). If the veteran meets all of these criteria, the MVC representative checks the appropriate boxes and signs the application.

Once the MVC signs the application, the DHE will then submit the applicant's name to the school he/she will be attending in a Certification Roster. The school must verify that it participates in the program and that the student meets all of the other criteria established by DHE (such as less than 25 years old, is at least half-time enrolled, and if a renewal, has maintained a minimum 2.5 cumulative GPA). The form then asks the school to state the tuition (number of credit hours and the hourly rate) and the book costs the student has incurred for the semester (documented by receipts). This verification is then returned to the DHE, where the amount of the grant is calculated. The grant proceeds are then forwarded to the school for credit to the student's account. The DHE also notifies the school that the proceeds are being delivered so that proper credit can be given to the student.

Oversight Division

As part of our review, Oversight looked at the DHE program files. They appeared to be in order and included a checklist used by the DHE to aid in administering the program. However, Oversight found two agency errors that led to overpayments of state funds to two grant recipients:

- First, a student was reimbursed for book expenses totaling \$874.05 for a semester. The maximum allowed per statute is \$500; therefore, this student was overpaid \$374.05. The DHE did not attempt to recoup this overpayment.
- Second, a student was given a grant even though they attended a private institution. Subdivision 173.234.1(5), RSMO defines "Institution of postsecondary education" as any approved Missouri public institution of postsecondary education. This student attended Missouri Baptist University in St. Louis County and received \$10,596 for the 2012-2013 school year. The error was discovered during the spring semester and the DHE disqualified the student from future grants if attending that institution. The DHE did not attempt to recoup these grant payments.

The statute does not address the issue of erroneous payments, made either through mistakes by the agency or through inaccurate information possibly provided by the applicant.

Oversight also looked at the files of applicants that were denied participation in the program. Since the program began, ten applicants have been denied for various reasons, including:

- the applicant was not under 25 years of age;
- Section 4 of the application (which must be completed by the Missouri Veterans Commission) was not filled out;
- the applicant was not attending a public school (private institutions are not eligible to participate in the program);
- the applicant was the veteran (the program is only open to the veteran's spouse and/or their dependent children under 25 years of age);
- the applicant's parent served during a time period prior to September 11, 2001 (two applicants stated their qualifying parents served during the Vietnam War).

The public institutions that the grant recipients have attended include Ozarks Technical Community College, Northwest Missouri State University, University of Missouri - Columbia, Missouri State University, Moberly Area Community College, Rolla Technical Institute, and St. Louis Community College - Forest Park. In addition, Missouri Baptist University received proceeds in error from this program.

Appropriations and Expenditures

The first appropriation for this program was in FY 2011 for \$281,250 from General Revenue (with a three percent reversion; the actual budget authority was \$272,812). With a program limit of 25 students received funding, the appropriation would average to \$11,250 per person (\$281,250 / 25). However, only \$3,132 in grants were given for that year. For FY 2012, another \$281,250 of General Revenue was appropriated, but only \$40,285 in grants were awarded. For FY 2013, the appropriation authority for this program was combined with several others, including the Public Service Officer or Employee Survivor Grant Program, the Vietnam Veterans' Survivors Scholarship Program, Advanced Placement Incentive Grant, Minority Teaching Scholarship, and the Marguerite Ross Barnett Scholarship. Unspent funds from these programs could be used on other programs. According to DHE's budget request, "This will allow any unexpended funds from these programs, after awards are made to all eligible applicants, to be used in the Marguerite Ross Barnett Scholarship Program, which historically has had more applicants than available funding." The actual expenditures for FY 2013 for this program were \$74,925.

Oversight notes the utilization of the program has been well below the level appropriated by the General Assembly. When asked how they advertise the program, DHE stated they provide

information electronically on their website as well as on paper in *The Source*, their primary brochure relating to student financial assistance. They also include information about the program within their presentations and when responding to telephone calls about what financial assistance programs are available. Officials from the Missouri Veterans Commission state they include information about the program in their publication *Missouri Benefits and Resource Guide for Veterans & Military* each year.

The DHE states that they have not assigned a specific FTE value for the administration of this program. The DHE states they administer several relatively small grant/scholarship programs, with staff responsibility for operation shared across programs and across individual staff members. One member of the DHE staff has primary responsibility for the program's administration, with supervisory oversight, along with other financial related responsibilities; however, administration of this program is not their primary job. Therefore, allowing this program to sunset would not result in significant administrative savings to the Department.

Program Continuation

Possible options available to the Missouri General Assembly include letting the program expire or extending the sunset of the program:

1. First, the General Assembly could allow the program to sunset in August, 2014 by taking no further action regarding this program.
2. Second, the General Assembly can extend the sunset up to an additional twelve years (approximately until August, 2026).
3. Third, the General Assembly could extend the program for a period of time less than the stated twelve years.

Recommendations

Oversight notes the Wartime Veteran's Survivors Grant Program has aided several children and a spouse of Missouri veterans. Even though the program hasn't been fully utilized, Oversight assumes it could take several years for children of veterans who have died or were disabled after September 11, 2001 to reach the age needed in order to participate in the program. Oversight recommends additional steps be taken by the DHE to ensure that additional incorrect payments are not made in the future. The General Assembly may wish to consider adding clawback provisions to the statutes in the event additional incorrect payments are discovered. Oversight recommends the program be extended an additional six years to August, 2020.